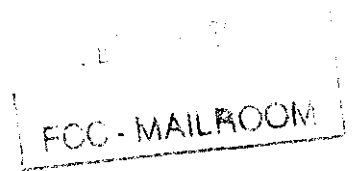


Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In re Petition of

ALLBAND COMMUNICATIONS COOPERATIVE

Waiver of Sections 36.611 and 36.612 and Associated)
Provisions of the Commission's Rules



CC: 96-45

TO: Chief, Wireline Competition Bureau

**ALLBAND COMMUNICATIONS COOPERATIVE PETITION FOR WAIVER
OF THE COMMISSION RULES**

Summary

Allband Communications Cooperative ("Allband"), pursuant to Section 1.3 of the Commission's rules,¹ hereby requests a waiver of Sections 36.611 and 36.612 of those rules to enable Allband to receive accelerated high-cost loop support payments based on projected costs until historical costs become available. In addition, Allband requests any extension or modification of waivers it previously has been granted,² and/or the waiver of any other relevant Commission rule, to allow Allband to begin receiving monthly disbursements from all applicable federal Universal Service Funds effective the month that Allband begins to provide service to its first revenue-producing customer. Allband's first revenue-producing customer is scheduled to receive service during September of the current calendar year (i.e., 3rd quarter 2006), although, given the normal vagaries of the start-up construction process, that date could slip into the 4th quarter 2006. For the reasons stated below, Allband specifically requests:

1. Waiver of §36.611 and §36.612 to allow Allband to receive monthly interim

¹ 47 C.F.R. § 1.3

² Allband Communications Cooperative Petition for Waiver of Sections 69.2(hh) and 69.601 of the Commission's Rules, WC 05-174 / DA 05-2268 released August 11, 2005 ("Allband I")

High Cost Fund (HCF) disbursements based on a combination of projected³ and/or actual⁴ quarterly data and trued up with actual data per the schedule outlined in Appendix B and C, depending on the quarter that Allband begins to provide service to its first customer.

2. Waiver of §36.611 and §36.612 to allow Allband to begin receiving monthly full High Cost Loop Support distributions retroactively back to the month that the first customer is provided service.

3. Modification and/or extension of any waiver granted in *Allband I* or waiver any other Commission rule necessary for Allband to begin receiving all federal Universal Service Funds (USFs) and participation in the National Exchange Carriers Association (NECA) pools as soon as the first revenue-producing customer is provided service.

4. Waiver of regulatory fees associated with this petition since Allband is a certified as a non-profit cooperative and files federal taxes as a 501(c)(12) tax-exempt non-profit.⁵

Granting these waivers will ensure administration of the USF in a manner consistent with the Telecommunications Act's and the Commission's goal *of* encouraging access to telecommunications services in rural and high-cost areas that are reasonably comparable to services available in urban areas, both in quality and price, especially where, as here, the area in question has never previously been served. In addition, granting these waivers will help insure that the local rates paid by Allband customers will be reasonable and affordable.

³ The terms "estimates" and "prospective data" are used interchangeably herein.

⁴ The terms "actuals" and "historical data" are used interchangeably herein.

⁵ An e-mail was sent to Loretta Edwards (Loretta.Edwards@fcc.gov) on August 31, 2006 with the documentation showing that Allband is a non-profit cooperative.

Background

Allband is a not-for-profit corporation organized on a membership basis (i.e., cooperative) that was formed under the laws of the State of Michigan on November 5, 2003. Allband is a local exchange carrier ("LEC") that has one exchange located in a previously unserved area named Robbs Creek, which is located in **the** Northeast portion of the lower peninsula of Michigan". The Robbs Creek exchange encompasses about 177.4 square miles, and is expected to serve approximately 300 access lines within the first two years after operations commence. There are no recognized towns/communities within the Robbs Creek exchange.

The Michigan Public Service Commission ("MPSC") has supported Allband's efforts to bring telecommunications service for the first time to the Robbs Creek exchange.⁷

The FCC also has been supportive. In *Allband I*, the Commission granted Allband's request for waiver of sections 69.2(hh) and 69.601 of the Commission's **rules**. In addition, the Commission granted Allband's request for waivers of the definition of incumbent local exchange carrier (ILEC) in part **36** and section 54.5 of the Commission's rules to permit the receipt of universal service support based on Allband's own costs. These waivers permitted Allband to be treated as an ILEC for the purposes of receiving

⁶ A map of the Allband service territory and its location in the state of Michigan can be found at Allband's website: www.allband.org.

⁷ On August 31, 2004, in Case Number U-14200, the MPSC granted Allband a temporary license to "provide basic local exchange service in the proposed new exchange service territory". On December 2, 2004 in Case Number U-14200, the MPSC granted Allband a permanent license to "provide basic local exchange service in the proposed Robbs Creek Exchange". The permanent license superseded the temporary license. November 10, 2005 in Case Number U-14659, the MPSC granted Allband's application "for designation as an eligible telecommunications carrier for purposes of universal service fund support". On November 21, 2005, the MPSC sent a letter to the United States Administration Company (USAC) certifying Allband as an ETC for the years 2005 and 2006. On June 15, 2006 Allband filed the required "Eligible Telecommunications Carrier Annual Report for 2007 Certification" with the MPSC.

universal service support and participating in NIECA tariffs and pools. The Commission also waived the October 1, 2004 data filing deadline set forth in section 54.301(b) of the Commission's rules for local switching support (LSS), the October 1, 2004 deadline set forth in section 54.314(d) of the Commission's rules for state certification of support for rural carriers, and the March 31, 2005 and July 31, 2005 data filing deadlines set forth in section 54.903(a) of the Commission's rules for interstate common line support (ICLS). These waivers were granted to "ensure that Alband is able to collect access charges and universal service funding in a timely manner".

Information filed by Alband since Alband I

NECA has filed on Alband's behalf, the Local Switching Support (LSS) projected costs due on October 1, 2005 and the Interstate Common Line Support (ICLS) projected costs due on July 1, 2006. Alband has also filed with the Michigan Public Service Commission the required information in order to be designated an ETC for 2007, which is due on October 1, 2006. It is Alband's intent to continue to meet the ongoing deadlines regarding projected costs for LSS and ICLS as well as all ETC designation requirements of the MPSC.

Operational Status

Alband had hoped to provide service to its first customer in late 2005. Unfortunately construction was halted due to weather in November 2005 before the first customer was provided service. Because of a mild winter, construction restarted on April 25, 2006. Based on current progress, the first customer will be provided service during the 3rd quarter of 2006 – hopefully near the end of September. In the more than 2 years

of concentrated efforts to provide telecommunications services to this currently unserved area, unforeseen delays have become all too familiar. As a result it is not unreasonable that despite best efforts, an additional delay or two could easily push back the start date to October 2006. Allband hopes to have approximately 50 customers in service by the end of 2006.

Allband Communications Cooperative is building to serve all of the approximately 300 customers in its 177 square mile service territory. With a customer density per square mile less than 2 and no organized towns or villages, the loop cost is, understandably, high above the national average. While all federal USFs are important to the viability of Allband and keeping local rates reasonable, the federal high cost loop support fund will be particularly critical.

Waivers Requested

The Commission's rules governing participation in NECA tariffs and pools, as well as rules regarding universal support for incumbent LECs, were not written in anticipation of ILECs such as Allband, which is a start-up company that came into existence after the enactment of the Telecommunications Act of 1996 and Commission proceedings implementing that Act's provisions. In particular, high-cost loop support is calculated using historical data provided by ILECs in accordance with the Commission's cost accounting and data collection rules, including Sections 36.611 and 36.612 of those rules. Because cost data are not submitted until seven months after the end of a calendar year, and then must be analyzed by NECA, ILECs generally do not receive high-cost loop support based on the data until the beginning of the second calendar year after the costs are incurred. Applying such rules to a start-up entity such as Allband would impose

a several-year delay in the company receiving high-cost loop assistance. In the interim, Allband's customers would necessarily be denied the local service rate relief that federal loop-cost assistance is designed to provide, leaving them in the interim to bear the full brunt of Allband's far-higher-than-national-average-loop-costs, resulting in customer charges on the order of \$350 per month.

Delaying the timing of high-cost loop support under these circumstances could prevent Allband from ever initiating service in the currently unserved Robbs Creek exchange, and certainly would impose a hardship on customers to whom service could be initiated, thereby frustrating statutory and Commission goals of promoting the provision of service in such areas. Granting the waivers requested herein, which **are** substantially similar to waivers that have been granted most recently in *Adak*⁸ and previously in *Mescalero*,⁹ will avert that result and, instead, will further the public interest.

⁸ *Adak Eagle Enterprises, LLC d/b/a Adak Telephone Utility, Petition for Waiver of Sections 36.611, 36.612, 54.301(b), 54.314(d), 54.903(a)(3), 69.2(hh) and 69.3(c)(6) of the Commission's Rules*, Order CC Docket 96-45, released December 30, 2005 (*Adak*)

⁹ *Mescalero Apache Telecom, Inc., GTE Southwest Incorporated, and Valor Telecommunications of New Mexico, LLC, Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix Glossary of the Commission's Rules; Mescalero Apache Telecom, Inc. Waiver of Sections 61.41(c)(2), 69.3(e)(11), 36.611 and 36.612 of the Commission's Rules*, Order CC Docket 96-45 16 FCC Rcd 3813 (Acc. Pol. Div. 2001) (*Mescalero*).

Federal USF High Cost Loop Assistance per Part 36 Subpart F (§§36.601 - §36.641)

Allband is a new "rural telephone company" under section 153(37) of the Act¹⁰ and will begin providing telephone service within a high-cost rural study area starting in either the 3rd or 4th quarter 2006. Accordingly Allband will be eligible to receive federal USF high-cost loop assistance. Under the Commission's rules, calculation of high-cost loop support is based on historical, actual cost data. In order to begin receiving full high-cost loop support in 2006, per section 36.611 Allband would have had to file on July 31, 2005 its actual costs for the preceding calendar year (2004).¹¹ Since Allband is a new company serving a previously unserved area, Allband had no historical, actual cost information in 2004 or 2005, for that matter. Logically, Allband will not begin to have actual cost information until the first customer is provided service in either the 3rd or 4th quarter 2006.

Per §36.611, rural ILECs file their actual, annual costs with the administrator, the National Exchange Carrier Association (NECA). These annual costs are calculated using 4 complete quarters of expenses and taxes as well as investment balances as of the end of the year (4th or last quarter). The high cost support is disbursed to ILECs on a monthly basis. The administrator calculates a monthly distribution amount – annual costs divided by 12 for each ILEC based on their submitted annual costs. It is this amount that is distributed to the individual ILEC on a monthly basis for 12 months unless a quarterly update is submitted per §36.612. A chart is provided in Appendix A that is intended to be helpful in better understanding the annual and quarterly update process currently in place.

¹⁰ 47 U.S.C. § 153(37).

¹¹ In addition per section 36.611 in order to receive high-cost loop support in 2007, Allband would have to file on July 31, 2006 its costs for the preceding year (2005)

Importance of Requested Waivers Being Granted

Strict application of sections 36.611 and 36.612 of the Commission's rules would preclude Allband from receiving full high-cost loop support until either the start of the 3rd quarter 2008 or the start of the 1st quarter 2009, depending if the first customer is provided service in the 3rd or 4th quarter 2006, respectively. Full high cost loop support consists of 4 complete quarters of data, i.e., 12 months.

If Allband starts to provide service in the 3rd quarter 2006, Allband will not have 4 complete quarters of annual actual costs until the end of the 3rd quarter 2007 (September 30, 2007). Without the requested waivers, Allband, per current procedures, will not receive full high cost loop support until the start of the 3rd quarter 2008. If on the other hand, Allband starts to provide service in the 4th quarter 2006, Allband will not have 4 complete quarters of annual actual costs until the end of the 4th quarter 2007 (December 30, 2007). Without the requested waivers, Allband, per current procedures, will not receive full high cost loop support until the start of the 1st quarter 2009.

Because the high-cost loop support is an additional expense allocation to the interstate jurisdiction, without the granting of the waivers included in this petition, these additional interstate "expenses" would remain in the intrastate jurisdiction.¹² The unavailability of this additional expense allocation to the interstate jurisdiction would increase intrastate revenue requirements an additional \$500 per month per access line¹³. Logically most, if not all of this increase in intrastate revenue requirements would end up

¹² Technically this interstate expense adjustment is calculated as a revenue requirement and treated as expense adjustment. The calculation of this revenue requirement consists expenses, investment and return on investment. Therefore without this additional "expense" adjustment the expenses, investment and calculated return would remain in their original accounts in the intrastate jurisdiction.

¹³ The annual High Cost Loop Support is estimated to be \$630,000. Assuming an average of 100 customers in service this would equate to \$525 per month per access line.

in local rates.

Furthermore, the rural area served by Allband has a history of being economically

depressed.¹⁴ Even if only 50% of the additional monthly revenue requirements went to

local rates, the resulting local rate would not fit any accepted definition of reasonable

and/or affordable local rates. In addition, such a rate would not meet the Universal

Service Principles contained in the Telecommunications Act:

Consumers in all regions of the Nation, including low-income consumers and those in rural, insular and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonable comparable to rates charged for similar services in urban areas.¹⁵

The primary goal of the federal USF programs is to promote the nationwide

availability of reasonably priced telephone services by providing “direct assistance to the

areas where it is most needed to ensure that telephone rates remain affordable for the

average subscriber.”¹⁶ In this instance, adherence to the rules will frustrate, rather than

further, this goal by denying timely cost recovery from the federal USFs to a new

company that has been certificated to provide telephone service to a rural area that up to

this moment has never had telephone service and logically is in the process of incurring

significant costs necessary to provide adequate and reliable telephone service to these

previously unserved rural customers.

¹⁴ Per the April 2006 seasonally unadjusted unemployment rates by county as released by the Michigan

Department of Labor and Economic Growth the four counties served partially by Allband in order of customers served are: Alcona – 11.7% (76th/83 counties); Oscoda – 11.5% (75th); Montmorency – 13.8% (82nd) and Alpena 7.9% (39th). [<http://www.michigan.gov/cis/0,1607,7-154--144320--00.html>] It may be reasonable to assume that since Allband serves no recognizable towns or villages, that the unemployment rate may be higher in the areas that will be served by Allband.

¹⁵ 47 U.S.C. 254(b)(3)

¹⁶ *MTS and WATS Market Structure, Amendment of Part 6 of the Commission's Rules and Establishment of a Joint Board*, Recommended Decision and Order, CC Docket Nos. 78-72, 80-286, para. 58 (rel. Nov. 25, 1984)

"To remedy this situation, Allband seeks a waiver of sections 36.611 and 36.612 that would direct the administrator to calculate and remit high cost loop support to Allband at the earliest possible date. In order to do this, Allband respectfully requests that this support would at first be based on a combination of projected and/or actual data, rather than only actual data, until such time 4 quarters of actual data are available per current procedures. At that time the previous disbursements would be trued up using this actual data.

Specifics

Proposed Interim Methodology for High-Cost Loop Support Calculation

First customer provided service in September 2006 (3rd quarter)

Under this scenario, Allband would not have 4 full quarters of actual data until the end of the 4th quarter 2007.¹⁷ Per the Part 36.611 procedures, the annual data for the period ending December 31, 2007 would be filed by July 31, 2008. This annual data based on actual data would normally be used for disbursements starting January 1, 2009.

This waiver request would allow Allband's monthly interim disbursements to be based on 4 full quarters of data - a combination of estimates and actuals until such time per current procedures, 4 complete quarters of actuals are available¹⁸. The monthly interim disbursements would be retroactively applied back to the month service was provided, e.g., September 2006.

Once four full quarters of actual data are processed per current reporting procedures, the interim disbursements would be trued up back to September 2006, the

¹⁷ Technically Allband would have actual data for the 3rd quarter 2006, but at best it would contain only 1 out of 3 months actual data and therefore the 4 quarters would essentially be comprised of only 10 months of actual expenses and taxes.

¹⁸ See Appendix B

month that the first customer was provided service, using the monthly High Cost Loop settlement amount developed from the four full quarters of actual data.

First customer provided service in October 2006 (4th quarter)

Under this scenario, Allband would not have 12 months (4 quarters) of actual data

until the end of the 4th quarter 2007. Per the Part 36.611 procedures, the annual data for the period ending December 31, 2007 would be filed by July 31, 2008. This annual data based on actual data would normally be used for disbursements starting January 1, 2009. This waiver request would allow Allband's monthly interim disbursements to be based on 4 full quarters of data - a combination of estimates and actuals until such time per current procedures 4 quarters of actuals are available.¹⁹ The monthly interim disbursements would be retroactively applied back to the month service was provided,

e.g., October 2006.

Once the four quarters of actual data are processed per current reporting

procedures, the interim disbursements would be trued up back to October 2006, the

month that the first customer was provided service, using the monthly High Cost Loop settlement amount developed from the 4 full quarters of actual data.

Interim Monthly Disbursements Starting the Month of First Revenue-Producing

Customer

Allband has already been granted ETC status by the Michigan Public Service

Commission (MPS) on November 10, 2005 and the required letter was filed with the

Universal Service Administrative Company (USAC) on November 21, 2005 for the years

2005 and 2006²⁰. However, until Allband has its first revenue-producing customer, Allband will not be able to participate in any of the NECA pools or receive disbursements from any of the federal USFs. For this reason Allband is requesting that any and all waivers granted by the Commission as a result of this petition be effective on the month that service is provided to Allband's first customer rather than the date that Allband was granted its ETC status by the MPSC . "

Impact of Granting Waiver on High Cost Loop Support Fund

It is anticipated that the amount of High Cost Loop Support that Allband would receive annually based on 4 full quarters of data would approach \$650,000. Based on USAC's third quarter filing regarding projected fund size dated May 2, 2006: the total annual 2006 High Cost Loop Support was estimated to be \$1,357.118 million. The increase in the High Cost Loop Support Fund would be less than 0.05%. This would seem to indicate that the High Cost Loop Support Fund would not be adversely affected.

Consideration and Granting of Additional Waivers

In the event that any additional waivers are necessary to expedite Allband's receipt of all federal USFs and participation in NECA pools as soon as the first revenue-producing customer is provided service, Allband requests that such waivers be considered and granted on the Commission's own motion. This could include waiver and/or extension of any waiver granted in *Allband I* or any other Commission rule.

²⁰ On June 15, 2006 Allband filed the required "Eligible Telecommunications Carrier Annual Report for 2007 Certification" with the MPSC.

²¹ Technically, if the waiver is granted to be effective on the date that Allband had been granted ETC status, Allband would still not be able to participate in any NECA pools and/or any federal USF programs until such time as Allband serves its first revenue-producing customer, i.e., has a working loop per Pan 36. Specifically making the date of the first revenue-producing customer as the start date would seem to eliminate any potential confusion, even though the end result would be the same

Conclusion

Alband respectfully requests the following waivers:

1. Waiver of § 36.611 and § 36.612 to allow Alband to file and use a combination of projected and/or actual quarterly data and true up with actual data per the schedule outlined in Appendix B and C, depending on the quarter that Alband begins to provide service to its first customer.

2. Waiver of § 36.611 and § 36.612 to allow Alband to begin receiving monthly full High Cost Loop Support distributions retroactively back to the month that the first customer is provided service.

3. Waiver and/or extension of any waiver granted in *Alband I* or any other Commission rule necessary for Alband to begin receiving all federal USFs and participation in the NECA pools as soon as the first revenue-producing customer is provided service.

4. Waiver of regulatory fees associated with this petition since Alband is a certified as a non-profit cooperative and files federal taxes as a 501(c)(12) tax-exempt non-profit.

Federal USF is intended to address the Alband situation. Without this high cost loop support, Alband's basic local exchange could be priced at well over \$350/month. This result would be directly contrary to the fundamental goal of the federal USF

programs:

The Commission established the USF program to promote the nationwide availability of telephone service at reasonable rates. Toward this end, USF support permits high-cost LECs to reduce local rates by recovering additional

expenses from the interstate services they provide.²²

To better serve this public policy goal” and to provide basic local telephone service at more affordable rates to its subscribers, Allband requests approval of the waivers contained in this petition. Granting these waivers will permit Allband to receive interim monthly high-cost loop USF payments as soon as possible based on actual and projected, rather than waiting for historical quarterly costs.

Respectfully submitted.

ALLBAND COMMUNICATIONS COOPERATIVE

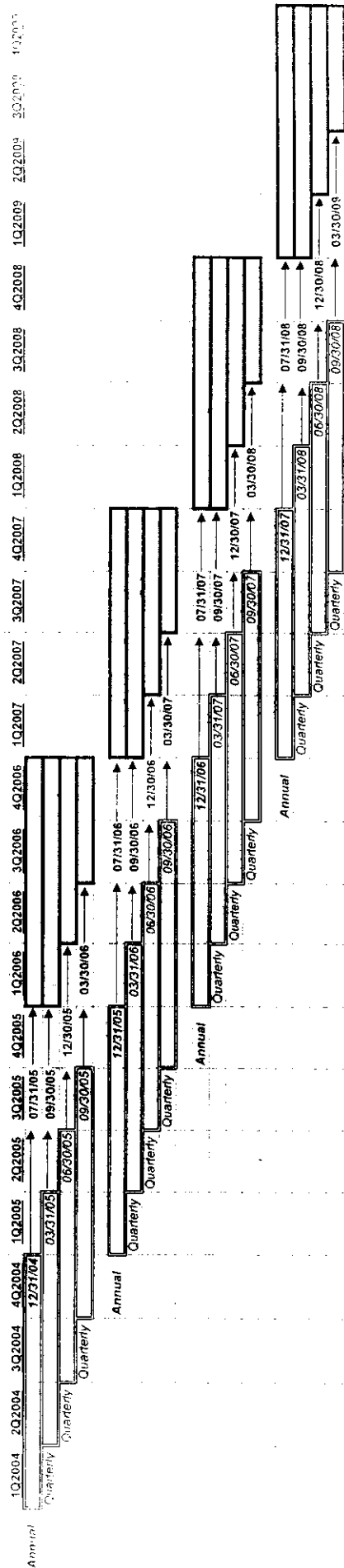


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Dated: August 31, 2006

²² *Border to Border Communications, Inc., Petition for Waiver of Sections 36.611 and 36.612 of the Commission's Rules*, Memorandum Opinion and Order, **AAD** 94-61, 10 FCC Rcd. 5055, 5055 (Com. Car. Bur. 1995) (“Border to Border”) (citation omitted).

²³ The *Act* codifies support mechanisms to preserve and advance universal service. Congress has directed the Commission to establish universal service policies which embody, inter alia, the principle that “[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, insular and high cost areas, should have access to telecommunications and information services . . . at rates that are reasonably comparable to rates charged for similar services in urban areas.” 47 U.S.C. §254(b)(3).

Appendix A - Current Rules and Reporting Procedures



Key	
	Actual data
	Estimated Data
	Disbursement period
date	End of study date - quarterly update
date	End of study date - annual study
date	Submission date

Appendix B - Third Quarter 2006 Start

Allband Communications Cooperative Petition for waiver Sections 36.611 and 36.612 - August 31, 2006

Allband

Waiver Request

Allband will not have 4 quarters of actuals until the end of the 3rd quarter 2007 (9/30/07) assuming that the first customer is provided service in the 3rd quarter 2006. Per the Part 36.612(a)(3) procedures, the quarterly update using the annual data for the period ending September 30, 2007 would be filed by March 30, 2008. These actuals would normally be used for disbursements starting July 1, 2008. This waiver request will allow Allband's monthly interim disbursements to be based on 4 quarters of data - a combination of estimates and available actuals until such time that 4 quarters of actuals are available. The monthly interim disbursements will be retroactively applied back to the month service was provided, e.g., August, 2006. Once the four quarters of actual data are processed, the interim disbursements will be trueed up back to the month the first customer was provided service, using the monthly HCL settlement amount developed from the full year's actual data.

		3Q2006	4Q2006	1Q2007	2Q2007	3Q2007	4Q2007	1Q2008	2Q2008	3Q2008	4Q2008	1Q2009	2Q2009	3Q2009	4Q2009
When filed	9/30/2006	09/30/06													
What filed	Service starts 3Q2006				Estimate										
When used*	3Q06 thru 1Q07														
	Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer Served														
When filed	12/30/2006		12/30/06												
What filed	Service starts 3Q2006				Estimate										
When used*	2Q2007														
	Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer Served														
When filed	3/30/2007					03/30/07									
What filed	Service starts 3Q2006					Estimate									
When used*	3Q & 4Q2007														
	Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer Served														
When filed	7/31/2007						07/31/07								
What filed	Service starts 3Q2006			Actuals		Estimate									
When used*	1Q2008														
	Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served														
When filed	9/30/2007						09/30/07								
What filed	Service starts 3Q2006			Actuals		Estimate									
When used*	1Q2008														
	Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served														
When filed	12/30/2007							12/30/07							
What filed	Service starts 3Q2006			Actuals		Estimate									
When used*	2Q2008														
	Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served														
When filed	3/30/2008							03/30/08							
What filed	Service starts 3Q2006			Actuals											
When used**	3Q2008 thru 4Q2008														
	** If service starts 3Q2004, the first 4 quarters of actuals used to true up the preceding monthly disbursements based at least in part on estimates														

Waiver ends

Key	
Actuals	Actual data
Estimate	Estimated Data
	Disbursement period
date	Submission date

Annual 12/31/07 → 07/31/08 →

Appendix C - Fourth Quarter 2006 Start

Allband Communications Cooperative Petition for Waiver Sections 36.611 and 36.612 - August 31, 2006

Allband Waiver Request

Allband will not have 4 quarters of actuals until the end of the 4th quarter 2007 assuming the first customer is provided service in the 4th quarter 2006. Per the Part 36.611 procedures, the annual data for the period ending December 31, 2007 would be filed by July 31, 2008. These actuals would normally be used for disbursements starting January 1, 2009. This waiver request will allow Allband's monthly interim disbursements to be based on 4 quarters of data - a combination of estimates and available actuals until such time that 4 quarters of actuals are available. The monthly interim disbursements will be retroactively applied back to the month service was provided, e.g., 4th Quarter, 2006. Once the four quarters of actual data are processed, the interim disbursements will be tried up back to the month the first customer was provided service, using the monthly HCL settlement amount developed from the full year's actual data.

3Q2006 4Q2006 1Q2007 2Q2007 3Q2007 4Q2007 1Q2008 2Q2008 3Q2008 4Q2008 1Q2009 2Q2009 3Q2009 4Q2009

When filed 9/30/2006 Service starts 4Q2006 4Q06 to 1Q07
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

When filed 12/30/2006 Service starts 4Q2006 2Q2007
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

When filed 3/30/2007 Service starts 4Q2006 3Q & 4Q2007
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

When filed 7/31/2007 Service starts 4Q2006 1Q2008
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

When filed 9/30/2007 Service starts 4Q2006 1Q2008
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

When filed 12/30/2007 Service starts 4Q2006 2Q2008
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

When filed 3/30/2008 Service starts 4Q2006 3Q & 4Q2008
When used: Depending on when waiver is approved, could be used to establish monthly interim payment retroactive to month first customer served

Waiver ends...

... If service starts 4Q2004, the first 4 quarters of actuals used to true up the preceding monthly disbursements based at least in part on estimates.

Key
Actual data
Estimated Data
Disbursement period
Submission date